

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 018351

R 180740Z SEP 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1267

US MISSION IAEA VIENNA 352

S E C R E T SECTION 1 OF 2 NEW DELHI 12600

EXDIS

FOLLOWING MSG BOMBAY 2403 DTD 17 SEP 75 RCVD NEW DELHI BEING
REPEATED YOU

QUOTE

E.O. 11652: XGDS-3

TAGS: PARM TECH IN

SUBJ: INDIAN ATOMIC ENERGY DEVELOPMENTS

REF A) BOMBAY 2138; B) BOMBAY 1907; C) US BERLIN 1862 AND
STATE 220753

1. I HAD A PLEASANT ONE-HOUR FAREWELL CHAT WITH IAEC CHAIRMAN
SETHNA AT HIS INVITATION THIS MORNING 17TH. I SAID THAT WE HAD
APPRECIATED AND VALUED OUR RELATIONSHIP AND DIALOGUE WITH HIM
AND EXPRESSED THE HOPE THAT MY SUCCESSOR, MR COURTNEY, WHO WOULD
BE ARRIVING IN EARLY OCTOBER AND WOULD BE CALLING UPON HIM SHORTLY
THEREAFTER, WOULD ENJOY THE SAME ACCESS AND CORDIAL RELATIONSHIP
WITH HIM. SETHNA SAID HE WISHED TO CONTINUE THE RELATIONSHIP, AND
CONFIRMED THAT HE WOULD BE ATTENDING THE IAEA GENERAL
CONFERENCE MEETING IN VIENNA. SAID HE WOULD BE DEPARTING BOMBAY
TOMORROW 18TH AND WOULD BE ARRIVING VIENNA ON 19TH. HE WOULD
ATTEND THE IAEA SCIENTIFIC ADVISORY GROUP MEETING BEGINNING
ON 20TH AND THE GENERAL CONFERENCE MEETING THEREAFTER. HE PLANS
TO LEAVE VIENNA ON SEPT 26 OR 27 TO RETURN INDIA. I SAID THAT I
WOULD INFORM ALL CONCERNED OF THIS.

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3. I INDICATED THAT MEMBERS OF THE ATOMIC ENERGY TEAM

WOULD BE ATTENDING INCLUDING SENIOR MEMBERS ERDA AND THAT THIS WOULD AFFORD HIM OPPORTUNITY TO MEET AND TALK WITH THEM. SETHNA SAID HE VERY MUCH LOOKING FORWARD TO MEETING AND ESTABLISHING CONTACT WITH THEM. HE HOPES TO SEE AMB TAPE WHILE IN VIENNA AS WELL LABOWITZ. HE HOPES AS WELL TO DEAL WITH MATTERS RAISED PARAS 4 AND 5 REFTEL WHILE THERE (I.E., MEASUREMENT OF PLUTONIUM IN TARAPUR FUEL PINS AND IAEA INSPECTORS FOR START-UP TARAPUR FUEL REPROCESSING PLANT.) COMMENT: HOPEFULLY SETHNA WILL BE ABLE TO MEET AND SEE SOMETHING OF OUR TOP ATOMIC ENERGY PEOPLE ATTENDING CONFERENCE VIENNA AND THIS WILL WEIGH IMPORTANTLY IN OUR CONTINUING RELATIONSHIP WITH HIM IN INDIA.

4. SETHNA RAISED SUBJECT OF NUCLEAR EXPORTS SAYING HE EXPECTED THIS MATTER TO BE DISCUSSED AT VIENNA. HE WENT ON SAY THAT INDIA WAS NOT GOING TO GET INTO THE BUSINESS OF THE TRANSFER OF REPROCESSING TECHNOLOGY NOR FOR THE FORESEEABLE FUTURE THE SALE OF ATOMIC REACTORS. HE SAW INDIA POSSIBLY EXPORTING ITEMS WHICH BECOME SURPLUS SUCH AS ZIRCALOY TUBING (PARA 7, REFTEL A) AND OTHER COMPONENTS AND THESE PRIMARILY TO WESTERN COUNTRIES INCLUDING THE U.S. WITH RESPECT TO ZIRCALOY, HE SAID THIS A MAJOR FACTOR IN LOWER INDIAN COST OF A RAW FUEL BUNDLE. BASED ON A COST COMPARISON ANALYSIS, A RAW FUEL BUNDLE WHICH IN JAPAN, FRG AND US WOULD COST ABOUT RS 25,000, WOULD COST ABOUT RS 15,000 IN INDIA. WENT ON SAY THAT IT WAS POSSIBLE THAT INDIA MIGHT COLLABORATE LATER ON WITH GENERAL ELECTRIC IN W FUEL PRODUCTION PROJECT AT INDIA'S PRODUCTION CENTER AT HYDERABAD FOR LIMITED FUEL EXPORTS. THE ENRICHMENT AND FUEL EXPORT, HE SAID, WOULD BE LEFT TO G.E. ADDED THAT THIS JUST A POSSIBLE PROJECT AND IF IT EVENTUATED WOULD RESULT ONLY IN MARGINAL EXPORTS.

5. SETHNA THEN VOLUNTEERED SIGNIFICANT POINT IN SAYING THAT HE NOW GIVING CONSIDERATION TO REGIONAL REPROCESSING FACILITIES WHICH HE ASSUMED WOULD BE TOPIC TOUCHED ON AT VIENNA. HE REITERATED AT SOME LENGTH HIS CONCERNS ABOUT SUID FACILITIES BUT NEVERTHELESS APPEARED TO BE DISPOSED TO GIVE FAVORABLE CONSIDERATION TO THIS MATTER. HE STRESSED HIS CONCERN OVER THE SAFEGUARD OF THE PLUTONIUM PRODUCT OF THE FACILITY AND SAID THAT IF INDIA WERE EVER TO AGREE TO SUCH A FACILITY HE WOULD INSIST UPON THE PLUTONIUM PRODUCT LEAVING INDIA "WITHIN THE SHORTEST POSSIBLE TIME".

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HE EMPHASIZED THE RISKS INVOLVED IN STORING AND SAFEGUARDING LARGE QUANTITIES OF PLUTONIUM AND NOTED LENGTHS TO WHICH THEY HAD GONE TO PREPARE STORAGE FACILITIES FOR TARAPUR PLANT. HE WENT ON TO SAY THAT HE WOULD, OF COURSE, "HAVE TO PERSUADE HIS LORDS AND MASTERS IN DELHI" TO AGREE TO SUCH A REGIONAL FACILITY IF CONSIDERATION REACHED THAT STAGE, BUT SUGGESTED THAT IF HIS OWN CONCERNS AS REGARDS CONTROLS AND THE DISPOSAL OF THE PLUTONIUM COULD BE SATISFIED HE MIGHT BE WILLING TO RECOMMEND THIS TO HIS

GOVERNMENT.COMMENT: THIS REPRESENTS A NEW AND INTERESTING DEVELOPMENT SINCE SETHNA HAD RULED THIS OUT IN AN EARLIER CONVERSATION (PARA 12 REFTEL B), AND SUGGESTS HE HAS REVIEWED HIS THINKING ON THIS MATTER IN ANTICIPATION OF THE VIENNA MEETINGS.

6. IN THIS CONNECTION, SETHNA STATED THAT THEY WERE PLANNING TO BUILD A SPENT FUEL REPROCESSING FACILITY AT THE KALPAKKAM PLANT AND ONE IN CENTRAL INDIA. HE SAID THESE WOULD APPROXIMATE IN SIZE THE TARAPUR FACILITY. WENT ON SAY HE FAVORED SEVERAL SMALL SUCH UNITS RATHER THAN ONE LARGE ONE.

7. I INQUIRED ABOUT THE DIFFICULTIES ENCOUNTERED IN THE START-UP OF THE BARODA HEAVY WATER PLANT AND SETHNA SAID THEY HAD HAD TROUBLE WITH THE PUMPS BUT GAS WAS NOW GOING INTO THE SYSTEM AND THAT THE PRODUCTION OF WATER WOULD BE UNDERWAY BY THE END OF THE MONTH.

8. ON REFUELING OF UNIT II REACTOR TARAPUR, SETHNA SAID REFUELING COMPLETED AND HEAD BEING BOLTED ON AND SHOULD BE BACK IN PRODUCTION IN ANOTHER WEEK TO TEN DAYS. REFUELING HAD BEEN DELAYED BY A BROKEN CONTROL ROD WHICH HAD TAKEN ABOUT 12 DAYS TO REPAIR.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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R 180740Z SEP 75
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 1268
US MISSION IAEA VIENNA 353

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EXDIS

9. SETHNA ALLUDED TO THE INDO-CANADIAN TALKS. I TOOK ADVANTAGE OF THIS ASK ABOUT THE STATUS OF THEM. HE SAID THEY HAD GONE BACK TO THE CANADIANS INDICATING THOSE POINTS UNACCEPTABLE TO THEM. HAD INDIAN SIDE MADE COUNTER-PROPOSALS? SETHNA RESPONDED IN THE NEGATIVE. HE WAS NOT AT ALL SANGUINE AS TO THE

POSSIBILITY OF AGREEMENT BEING REACHED. HE REITERATED AGAIN THE DIFFICULTY OF REACHING AGREEMENT WITH SOMEONE WHO CONSIDERS YOU "A LIAR" (PARA 8 REFTTEL B) PLUS THE FACT, HE SAID, THAT DIFFERENT CANADIAN MINISTERS ESPOUSED DIFFERING VIEWS. WHILE INDIA WILL IN DUE COURSE BE ABLE TO GET ALONG WITHOUT CANADA'S HELP, SETHNA SAID INDIA WOULD PREFER IF AT ALL POSSIBLE TO REACH AN AGREEMENT WITH THE CANADIANS AND FELT THAT THIS WAS IN THE BEST INTERESTS OF ALL CONCERNED. SETHNA WENT ON TO LAMENT THAT IF ONLY THE CANADIANS COULD ACCEPT SOMETHING ALONG THE LINES THAT HAD BEEN WORKED OUT BETWEEN THE US AND INDIA FOR TARAPUR, THERE WOULD BE NO PROBLEM. HE RECALLED THE BUSINESSLIKE MANNER IN WHICH THIS HAD BEEN RESOLVED WITH US. THE CANADIANS, HOWEVER, WANT CONSIDERABLY MORE BUT DID NOT SPECIFY.

10. WHEN I ASKED ABOUT INDIAN EFFORTS TO RECOVER DOWN PAYMENT FROM ALLIS-CHALMERS OF CANADA FOR COMPRESSORS FOR WHICH CANADA NOT CURRENTLY PREPARED TO GIVE EXPORT LICENSE (PARA 10 REFTTEL B) AND WHICH HAD BEEN TREATED IN PRESS, SETHNA SAID HE EXPECTED TO HEAR SOMETHING ON THIS SHORTLY. THIS PROMPTED SETHNA TO GO ON TO REFER TO "THE LOUSY EQUIPMENT" WHICH CANADA HAD SUPPLIED FOR RAJASTHAN REACTORS I AND II, WHICH NEEDED TO BE REPLACED OR REPAIRED, AND INDIA'S INABILITY TO OBTAIN REPLACEMENTS FROM CANADA.

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BOTH REACTORS ARE OUT FOR THIS REASON. HE SAID HE WOULD STRONGLY RECOMMEND AGAINST FUTURE PURCHASES OF CANADIAN ATOMIC ENERGY EQUIPMENT GIVEN POOR QUALITY IN LIGHT OF RAJASTHAN EXPERIENCE. FOR EXAMPLE, HE SAID, THE ROTOR SHAFT AT RAJASTHAN II HAD TEN CRACKS IN IT AND FORTUNATELY THIS WAS DETECTED IN TIME OR THEY COULD HAVE HAD A SERIOUS BLOW-UP. THE TITANIUM WELDING ON THE ROTOR BLADES, HE SAID, WAS OF THE POOREST QUALITY HE HAD SEEN AND POINT CONFIRMED BY BRITISH EXPERTS AND WAY BELOW INDIAN STANDARDS. THE CLEARANCE TOLERANCE OF THE BLADES WAS UNACCEPTABLE. THEY HAD HAD TO TAKE THE ROTOR SHAFT TO BHARAT HEAVY ELECTRIC AT BHOPAL FOR REPAIR AND ADDED THAT UNDER THE KIND OF AGREEMENT CANADA WANTED INDIA WOULD NOT BE ABLE TO MOVE PARTS IN THIS MANNER. HE ASKED WHAT WAS INDIA SUPPOSED TO DO. HE WENT ON TO SAY THAT THEY WERE DOING THE REPAIR AND REPLACEMENT WORK IN INDIA BUT CANADA'S REFUSAL TO EXPORT REPLACEMENT AND OTHER ITEMS ON ORDER HAD OF COURSE SLOWED DOWN INDIA'S REACTOR DEVELOPMENT. HE ALSO WENT ON TO PRAISE THE G.E.-EQUIPPED TARAPUR PLANT WHICH HE SAID HAD HAD AN EXCELLENT RECORD AND WOULD THAT CANADIAN EQUIPMENT HAD BEEN OF SIMILAR QUALITY. HE REITERATED THAT INDIA WANTED TO REACH A SATISFACTORY AGREEMENT WITH CANADA BUT STRESSED THAT INDIA INTENDED TO BE SELF-SUFFICIENT IN THE NEW GENERATION OF INDIAN MODIFIED CANDU-TYPE REACTORS. IN SUM, SETHNA HAD FEW KIND WORDS TO SAY ABOUT CANADIAN NEGOTIATORS OR CANADIAN EQUIPMENT. IT IS A SORE SUBJECT WITH HIM.

11. SETHNA DID NOT RAISE NOR DID I, THE INDIAN ORDER OF CENTRIFUGAL

COMPRESSORS FROM BORSIG (REFTELS C) WHICH ARE APPARENTLY IN
SUBSTITUTION FOR THOSE ORDERED BY GOI FROM ALLIS-CHALMERS
CANADA AND FOR WHICH EXPORT LICENSE CANCELLED. SINCE SETHNA
LEAVING FOR VIENNA ON 18TH AND WILL BE THERE UNTIL 26TH, ASSUME
THAT IF ANY ASPECT OF THIS MATTER NEED BE DISCUSSED WITH IAEC,
IT WILL BE TAKEN UP THERE.

12. IN CONCLUSION SETHNA ASSURED ME THAT INDIA UNDERSTOOD FULLY
THE DELAYS ENCOUNTERED IN OBTAINING EXPORT LICENSE FOR URANIUM
FUEL FOR TARAPUR.
BANE

UNQUOTE
SCHNEIDER

SECRET

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